

Insurance Commissioner Mike Kreidler's oral testimony
Select Committee on Energy Independence & Global Warming
Hearing on "Economic Impacts of Global Warming: Part 1: Insurance"
U.S. Congress
May 3, 2007

Thank you, Chairman Markey and members of the committee.

1. How do we know that climate change affects insurance?

Our best indicator is the economic impact from recent severe weather events.

Following devastating losses, insurance companies now are avoiding risk...pricing policies out of reach of consumers...or abandoning markets altogether.

Hurricane Katrina is the most prominent illustration of the problem.

2. It's not just hurricanes. In my home state of Washington...

November brought our worst flooding in state history.

A month later a record-breaking windstorm hit.
2 million people lost power...18 people died... and property damage totaled hundreds of millions of dollars.

Floods in winter now are followed by droughts in summer without enough water for farming, for endangered wild salmon, or for hydropower production... all while increasing the number of forest fires.

3. Responsibilities in the insurance world

International reinsurance companies are paying attention to climate change. As the industry that "insures the insurers" they face the greatest risk.

Primary insurance companies need to get more engaged. They can't be bystanders or wait for a federal government rescue. Their financial stake should motivate them to be players in reducing greenhouse gas effects.

Insurance regulators need to do what they can to maintain viable markets. So that homeowners, for example, can protect the biggest investments of their life.

4. Finally... we also need Congress to take action.

Local and state policies are needed to protect the public interest – including enforcement of stricter building codes. (In Washington, I'm a member of our state's Climate Action Team where we are having this dialogue.)

But there also is a role for the federal government.

A national greenhouse gas reduction policy is a must.

But if there were just one thing I could ask... it would be that Congress take the lead in reforming the National Flood Insurance Program.

Stories of more frequent and more severe weather events span the east coast to gulf coast to the west coast. Regardless of where we live, we all eventually pay the costs.

Thank you.